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C O N F I D E N T I A L SECTION 01 OF 02 HANOI 000221

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TAGS: [ECON](#) [ETRD](#) [PGOV](#) [PHUM](#) [VM](#)
SUBJECT: PARTY PLENUM: WILL POLITICAL REFORMS ENHANCE GVN
ACCOUNTABILITY AND TRANSPARENCY?

REF: HANOI 3012

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Classified By: DCM Jon M. Aloisi for Reasons 1.4 (B and D)

¶1. (C) Summary: The Communist Party of Vietnam's Central Committee recently met for the fourth time since last April's Party Congress to discuss policy and personnel directives. Central Committee members reached consensus on reducing from eleven to six the number of Party commissions that review implementation of GVN policies and on transferring to government agencies the management of commercial enterprises currently under Party, military and mass organizations. The Central Committee also called for improvements in the quality of legal and judicial personnel and endorsed a maritime strategy in which Vietnam will fully exploit the sea's resources and "firmly protect" the country's sovereignty over islands in the South China Sea. The political reforms are geared toward improving GVN transparency and accountability, but much remains to be done to implement them. End Summary.

Limiting Party Interference

¶2. (C) The Communist Party of Vietnam's (CPV) full Central Committee (CC) met January 14-24 for the fourth time since last April's Party Congress to hash out policy and personnel directives. Vietnam's recent entry into the WTO and ongoing efforts to integrate internationally served as backdrop for the week-long meetings, and the Party plenum's closing communique said that administrative changes are needed to take advantage of the opportunities and meet the challenges presented by WTO accession.

¶3. (C) To address this "new situation," the CC decided to decrease the number of Party commissions that review GVN policy from eleven to six. The Party's stated goal in consolidating these commissions is to "eliminate bureaucracy, reduce overlapping functions and increase the quality of public employees." On January 26, Hoang Ngoc Giao, a law professor at Vietnam National University who is close to Prime Minister Nguyen Tan Dung's circle of advisers, told Poloff that CPV leaders have taken this step to make the Party "more responsive." Ten years ago, consolidating commissions and decreasing Party interference in policy would not have been possible, but a consensus has emerged that "the Party should only set direction, not involve itself in GVN policy implementation," Giao added.

¶4. (C) On January 29, Pham Chi Lan, a highly regarded government consultant (and advisor to former Prime Minister Phan Van Khai), told us that commission consolidation will

create some heartburn for some high-ranking Party officials because they will lose "benefits." However, the CPV has no choice but to change its cumbersome apparatus and improve the quality of Party officers because of "public pressure," she stated. One way to mollify the current heads of commissions up for consolidation would be to give them deputy positions under the new structures, but the Party will have to proceed slowly in implementing this, she offered.

The Times They Are a Changin'?

15. (C) The CC also decided to turn over to GVN agencies the management of Party and mass organization businesses as well as non-defense-related military-run enterprises. Some officials heading these enterprises, and their patrons in the Party, have fought this move, but most CPV leaders realize these businesses must be run more transparently and efficiently to meet the challenges of the post-WTO world, Giao continued. Currently, auditing companies under Party, military and mass organization management is done poorly, if at all. Giao asserted that moving these companies to State management would bring more "audits and less corruption." Le Kha Phieu, a former General Secretary of the CPV with strong links to the military, on January 30 added his opinion to the mix when he publicly called for the armed forces to cease running businesses.

16. (C) For her part, Lan said that she and some colleagues had previously advised former PM Khai to transfer companies under Party and military control to government agencies. However, Khai did not succeed at this because of resistance from other leaders who did not want to lose "power and benefits." Now, due to Vietnam's WTO commitments, current Party leaders have a potent additional argument which has proven sufficient to force this through, Lan stated. Senior Colonel Tran Nhung, a journalist at the Veterans Affairs

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Journal with close ties to the military, told Poloff on January 29 that putting businesses under State management demonstrates that the military's influence in policy deliberations had decreased. Reformist leaders used to worry about the military, but now "they are more confident to push changes through the system," he argued.

Call to Improve Judiciary

17. (SBU) The CC also called on the CPV to improve the quality of legal and judicial personnel. This follows much public comment over the last few months on the poor quality of the country's judges and prosecutors. Last fall, for example, Vietnam's Chief Justice told the National Assembly in a nationally televised session that the courts lacked qualified officials and often had to reach down to the bottom of the barrel to fill positions (Ref A). The CC also demanded that court personnel receive more training.

Looking East to the Seas

18. (C) The plenum's communique endorsed Vietnam's new maritime strategy, which seeks to coordinate economic development of coastal areas and the seas with maritime security. Lan pointed out that, until now, Vietnam did not have a master plan for economic development of coastal areas. The new strategy aims to avoid past mistakes, such as the construction of the Thua Thien-Hue port. "Danang already has a port, which is close to Hue. The GVN wasted a lot of resources constructing the Thua Thien-Hue port," she said.

19. (C) The GVN plans to create a steering committee on maritime economic development and security that will report directly to the Politburo. The committee will consist of representatives from different ministries and will seek ways

to economically develop and exploit island and coastal resources. Lan said that, in response to China's steps in the South China Sea, the GVN will encourage people to live on "certain islands" to enhance Vietnam's "sovereignty" over this territory. Without giving specifics, Colonel Nhung stated that beefing up Vietnam's naval capabilities will be part of the strategy.

Comment

¶10. (C) It is hard to imagine that simply announcing a consolidation of Party commissions will have much impact on the public's cynical attitudes about government corruption and lack of transparency. To make real progress on this front will require developing institutions beyond Party control and manipulation)- a move that is not in the offing any time soon. Indeed, many observers have said that the organizational changes announced at this plenum are only window dressing, and that officials will simply change titles and continue to rake in ill-gotten gains as before. Nevertheless, a pledge to get mass organizations and the military out of the business of running companies is a positive development. While vested interests will undoubtedly resist fundamental change, these reforms are a necessary step toward a more rational economic and political system for Vietnam. End Comment.

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